CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION INVESTMENT COMMITTEE OPEN SESSION MEETING SUMMARY

February 14, 2006

The Investment Committee met on Tuesday, February 14, 2006.

AGENDA ITEM 5 - ALTERNATIVE INVESTMENT MANAGEMENT PROGRAM

a. California Initiative Update

The Committee accepted the information report. In addition, the Chair directed staff to provide another update as soon as feasible, incorporating input received from the Committee.

AGENDA ITEM 6 - GLOBAL EQUITY

a. New Enhanced Indexing Initiative

The Committee approved the issuance of a Request for Proposal with spring-fed pool and annual review contract features for relaxed-long enhanced index managers. Staff will seek Committee approval for the entire recommended group of managers.

b. Legislative Reports: Holocaust Era and Northern Ireland Annual Reports

The Committee approved the Holocaust Era and Northern Ireland Reports for transmittal to the Legislature. The Committee also approved sending letters to companies identified in the reports as having unresolved claims or otherwise requiring corrective action.

c. Executive Compensation Strategic Plan Update

The Chair directed staff to provide additional information to the Committee on staff's engagement with the compensation consulting community.

The Committee took action to require staff to report back with a proposal for including a policy on clawback provisions in the proxy voting guidelines. The Chair further directed staff to report back regarding other possible actions to be taken with respect to clawback agreements.

The Chair directed that the matter of whether to support U. S. Representative Barney Frank's "Protection against Executive Compensation Abuse Act" be agendized for the March Board of Administration meeting.

f. Permissible Equity Market Investment Analysis Update

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The Chair directed staff to report back at a future meeting regarding the possibility of investing in ADRs/GDRs (American Depository Receipts and Global Depository Receipts) from prohibited markets that trade on the exchanges of permissible markets.

AGENDA ITEM 7 - GLOBAL FIXED INCOME

b. International Fixed Income RFP Request with Spring-Fed Pool

The Committee approved issuance of a Request for Proposal with a spring-fed pool feature for active international fixed income managers. The Committee will delegate scoring to staff, with staff returning to the Committee with a final list of managers for approval.

AGENDA ITEM 8 – POLICY SUBCOMMITTEE REPORT

By consent the Committee approved the following:

- a. Real Estate Policies
 - 1) Revision of Equity Real Estate and Revision of Opportunistic Real Estate
 - 2) Revision of Equity Real Estate Leverage
- b. Equity Policy
 - 1) Adoption of International Enhanced Index Strategy Externally Managed
- c. Fixed Income Policy
 - 1) Revision of Dollar-Denominated Fixed Income Short Duration Investment

The Chair directed that going forward only the redlined version of revised policies be included in the Committee agenda item.

AGENDA ITEM 9 – CHIEF INVESTMENT OFFICER'S / ASSISTANT EXECUTIVE OFFICER'S REPORT

a. Consolidated Investment Activity Report

The Committee accepted the Consolidated Investment Activity Reports. The total market value of the fund as of December 31, 2005, was approximately \$200.9 billion and the total book value was approximately \$158.3 billion.

b. Selection of Master Custodian

The Committee accepted the staff report regarding the selection process and that, based on final scores, the CalPERS Investment Office selected State Street Bank & Trust as the Master Custodian, subject to successful contract negotiations.

The next Investment Committee meeting is scheduled for March 13, 2006 in Sacramento, California.